

To a large extent, the chief beneficiary of this growth in domestic production and in international trade has been the American public. Employment in the electronics industry has grown from some 650,000 in 1958 to 1,163,000 in 1967. At the same time, consumer prices for electronic products have reflected the benefits of heavy and unrestrained competition and a willingness on the part of domestic manufacturers to leave the production of certain low-cost and unsophisticated electronic commodities to foreign manufacturers—a choice which has resulted in every American being able to enjoy the fruits of technological progress in electronics. Thus, the Bureau of Labor Statistics Consumer Price Index for December 1967 shows all consumer items to be at 118.3 (1957-59 base of 100). Yet for electronic consumer products, the same index shows that the consumer price is some 5 to 20 points below the base period figure.

The growth of the Fairchild Camera and Instrument Corporation is typical of the expansion of this country's electronics industry. Fairchild is primarily an electronics company; it not only makes various types of electronic components but also produces specialized instruments such as automatic test systems and digital voltmeters and graphic equipment such as electronic photo composition devices and color scanners. Through extensive research and the application of new technological developments, Fairchild has more than doubled its size during the last five years. In 1962, this company had some \$101 million worth of sales and employed 7,369 persons in the United States. By 1965, sales were over \$181 million and by 1967, they had grown to over \$228 million. Domestic employment had increased to 11,552 in 1965 and to 14,678 by the end of 1967.

Moreover, this same rapid domestic growth has marked Fairchild's imaginative activities in the production of semiconductors and integrated circuits. This fact should be of great interest to this Committee for it is in the semiconductor field that Fairchild has also opened several assembly plants abroad. But these foreign plants have not meant fewer sales for our domestic operations or fewer jobs in the United States. On the contrary, the result of increased foreign assembly operations has been new foreign sales and the opening of untapped markets in the United States for Fairchild's goods. Inevitably, this has meant an upsurge in sales and the creation of new employment opportunities in this country. Thus in 1962, our semiconductor plants in the United States had less than \$50 million in sales and employed some 2,900 workers. In that same year, Fairchild opened its first foreign assembly plant. By 1965, domestic sales had more than doubled and employment was up to 6,141 workers. By the end of 1967, semiconductor sales had more than trebled from 1962 and employment was up to 8,883 workers—an increase in our labor force of over 200 percent from 1962.

At the same time, Fairchild's operations abroad were opening up new foreign markets and putting our sales force into contact with a broader range of customers. As a consequence, the company's foreign sales from its domestic plants soared and this in turn was reflected in an increasingly favorable balance of trade. In 1964, Fairchild's Semiconductor Division exported \$1.4 million worth of goods and had a favorable trade balance of \$550,000. By 1967, this Division was exporting almost \$28 million worth of goods and its favorable trade balance had risen to over \$11 million. In fact, during that year, the exports of all the Divisions of Fairchild had risen to \$39 million—an increase of over 300 percent from 1964—and its favorable balance of trade was over \$21 million.

Why has Fairchild been able to grow this rapidly? Why has it been able to open foreign plants while still doubling its employment at home? Why has it increased its favorable balance of trade by over \$14 million in a period of three years? The answer is simple. Fairchild is a company which integrates its domestic and foreign operations. Its skilled jobs are kept in this country; its most simple and tedious production functions are performed abroad. It freely exports and imports a variety of electronic parts and components. The end result of this integrated manufacturing process is a lower priced product which can compete more effectively both at home and abroad. New markets are opened and sales increase. More employment opportunities are created both here and abroad, and because the goods being exported are more sophisticated and expensive than those being imported, the favorable balance of trade constantly increases.

This process which I have just described is no pipe dream. It is the way in which the manufacturing operations of Fairchild and many other American companies operate. Fairchild continues to grow because its production processes and markets are both international. It takes pride in its domestic and foreign